Essentials of

Services Marketing

3rd Edition

10 Introduction to SERVICES MARKETING

WIRTZ LOVELOCK

Learning Objectives

10.1 Recognize the four core purposes service environments fulfill.

10.2 Know the theoretical underpinning from environmental psychology that helps us to understand how customers and employees respond to service environments.

10.3 Be familiar with the integrative servicescape model.

10.4 Know the three main dimensions of the service environment.

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Learning Objectives

10.5 Discuss the key ambient conditions and their effects on customers.

10.6 Determine the roles of spatial layout and functionality.

10.7 Understand the roles of signs, symbols, and artifacts.

10.8 Know how service employees and other customers are part of the servicescape.

10.9 Explain why designing an effective servicescape has to be done holistically and from the customer's perspective.

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10.1

Recognize the four core purposes service environments fulfill.

Purpose of service environments

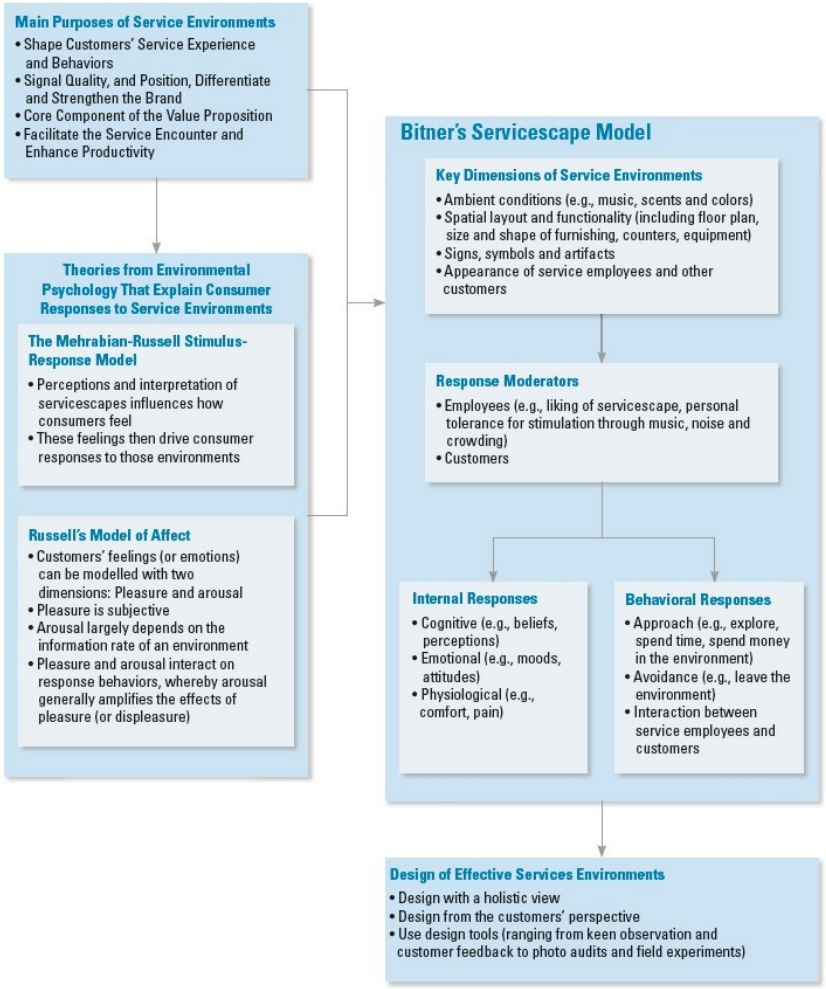
Main Purposes of Service Environments
• Shape Customers' Service Experience and Behaviors
• Signal Quality, and Position, Differentiate and Strengthen the Brand
• Core Component of the Value Proposition
• Facilitate the Service Encounter and Enhance Productivity
Theories from Environmental Psychology That Explain Consumer Responses to Service Environments
The Mehrabian-Russell Stimulus-Response Model
• Perceptions and interpretation of servicescapes influences how consumers feel
• These feelings then drive consumer responses to those environments
Russell's Model of Affect
• Customers' feelings (or emotions) can be modelled with two dimensions: Pleasure and arousal
• Pleasure is subjective
• Arousal largely depends on the information rate of an environment
• Pleasure and arousal interact on response behaviors, whereby arousal generally amplifies the effects of pleasure (or displeasure)
Bitner's Servicescape Model
Key Dimensions of Service Environments
• Ambient conditions (e.g., music, scents and colors)
• Spatial layout and functionality (including floor plan, size and shape of furnishing, counters, equipment)
• Signs, symbols and artifacts
• Appearance of service employees and other customers
Response Moderators
• Employees (e.g., liking of servicescape, personal tolerance for stimulation through music, noise and crowding)
• Customers
Internal Responses
• Cognitive (e.g., beliefs, perceptions)
• Emotional (e.g., moods, attitudes)
• Physiological (e.g., comfort, pain)
Behavioral Responses
• Approach (e.g., explore, spend time, spend money in the environment)
• Avoidance (e.g., leave the environment)
• Interaction between service employees and customers
Design of Effective Services Environments
• Design with a holistic view
• Design from the customers' perspective
• Use design tools (ranging from keen observation and customer feedback to photo audits and field experiments)

Figure 10.3 Designing the service environment.

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Purpose of service environments

- Shape Customers' Service Experiences and Behaviors
- Signal Quality and Position, Differentiate, and Strengthen the Brand
- Core Component of the Value Proposition
- Facilitate the Service Encounter and Enhance Productiv

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Purpose of service environments

- Physical surroundings help shape appropriate feelings and reactions in customers and employees.
- Servicescapes form a core part of the value proposition.
- Each servicescape here clearly communicates and reinforces its hotel's respective positioning and sets service expectations as

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10.2

Environmental psychology and how customers and employees respond to service environments.

The Theory Behind Consumer Responses to Service Environments

The Mehrabian-Russell Stimulus-Response Model

- Feelings are a key driver of customer respo

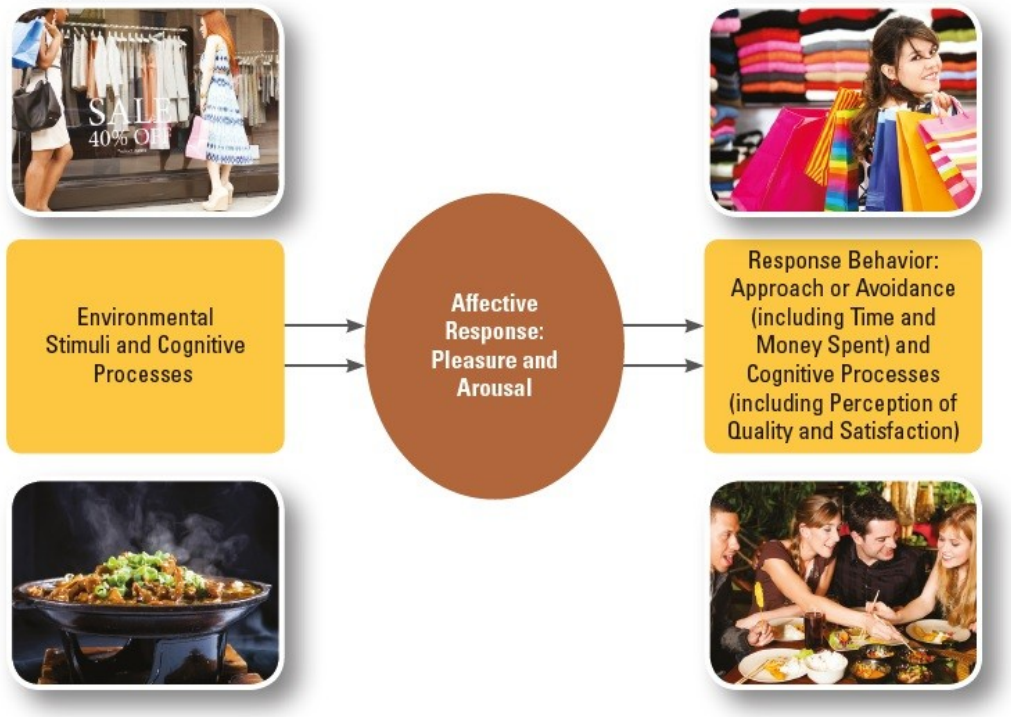
SALE
40% OFF
Environmental Stimuli and Cognitive Processes
Affective Response: Pleasure and Arousal
Response Behavior: Approach or Avoidance (including Time and Money Spent) and Cognitive Processes (including Perception of Quality and Satisfaction)

Figure 10.7 Model of environmental responses.

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The Theory Behind Consumer Responses to Service Environments

Insights from Mehrabian-Russell Stimulus-Response Model

- Simple yet fundamental model of how people respond to environments
- The environment, its conscious and unconscious perceptions and interpretation influence how people feel in that environment
- Feelings, rather than perceptions/thoughts, drive behavior
- Typical outcome variable is ‘approach’ or ‘avoidance’ of an environment, but other possible outcomes can be added to model

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The Theory Behind Consumer Responses to Service Environments

The Russell Model of Affect

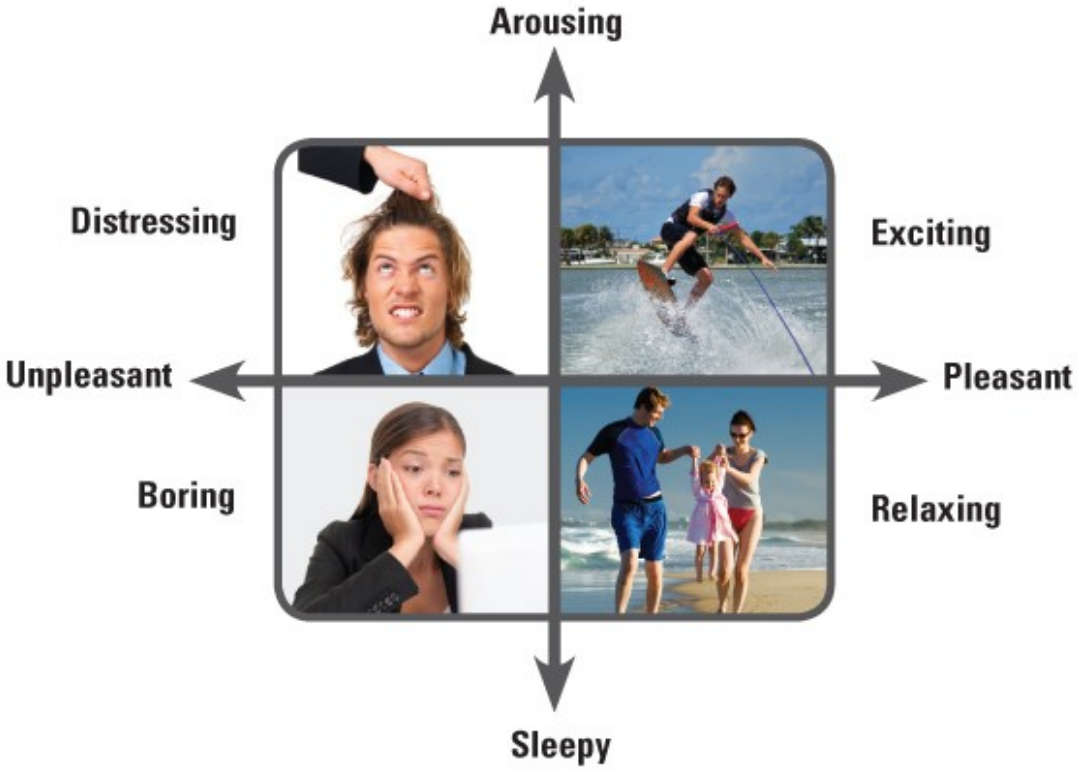

Figure 10.8 The Russell model of affect.

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The Theory Behind Consumer Responses to Service Environments

Insights from Russell Model of Affect

- Emotional responses to environments can be described along two main dimensions
  - Pleasure: direct, subjective, depending on how much individual likes or dislikes environment
  - Arousal: how stimulated individual feels, depends largely on information rate or load of an environment
- Advantage: simplicity, allows a direct assessment of how customers feel
  - Firms can set targets for affective states

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10.2

Be familiar with the integrative servicescape model.

The integrative servicescape model

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An Integrative Framework: Bitner's Servicescape Model

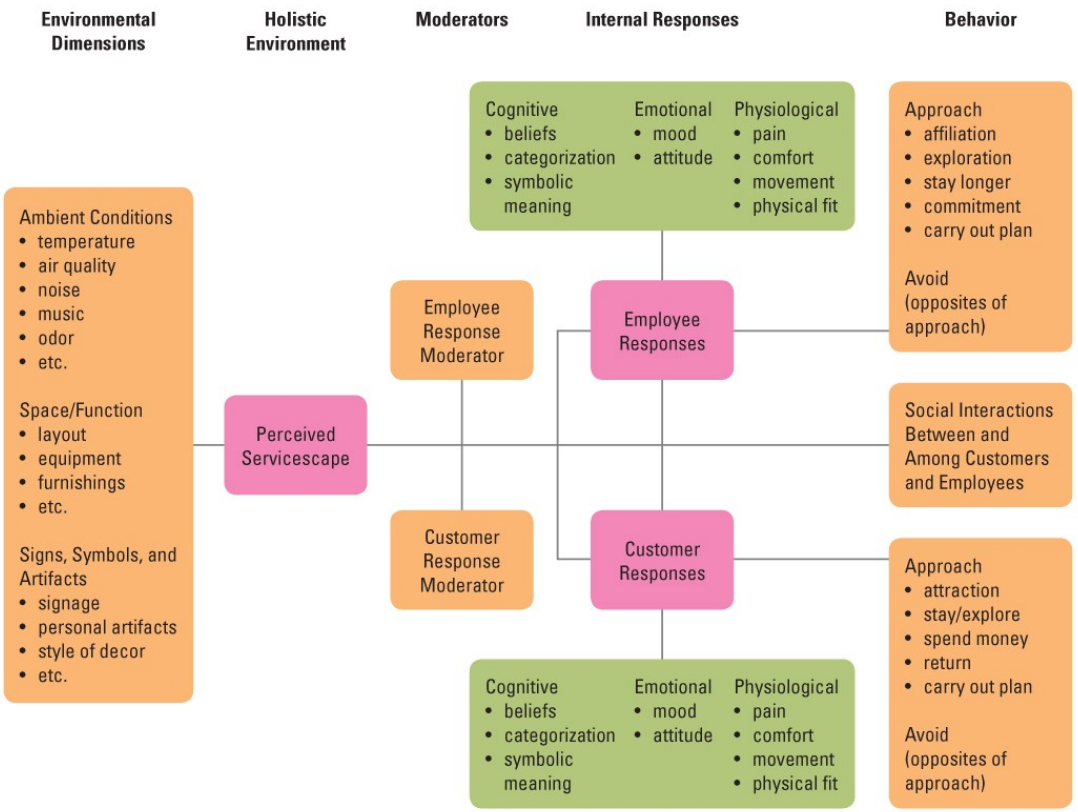

Figure 10.9 The servicescape model.

SOURCE

Bitner, M. J. (1992) "Servicescapes: The impact of physical surroundings on customers and employees," *Journal of Marketing* 56 (April): 57–71.

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The integrative servicescape model

An Integrative Framework: Bitner's Servicescape Model

- Identifies the main dimensions in a service environment (servicescape)
  - Ambient conditions
  - Space/functionality
  - Signs, symbols and artifacts
- People perceive them as a whole
- Key to effective design is how well each individual dimension fits together with everything else
- Internal customer and employee responses can be categorized into cognitive, emotional and physiological responses, which lead to observable behavioral responses towards the

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10.4

Know the three main dimensions of the service environment.

Dimensions of the service environment

Table 10.1 Design elements of a retail store environment.

Dimensions	Design Elements	
Exterior facilities	• Architectural style • Height of building • Size of building • Color of building • Exterior walls and exterior signs • Storefront • Marquee • Lawns and gardens	• Window displays • Entrances • Visibility • Uniqueness • Surrounding stores • Surrounding areas • Congestion • Parking and accessibility
General interior	• Flooring and carpeting • Color schemes • Lighting • Scents • Odors (e.g., tobacco smoke) • Sounds and music • Fixtures • Wall composition • Wall textures (paint, wallpaper) • Ceiling composition	• Temperature • Cleanliness • Width of aisles • Dressing facilities • Vertical transportation • Dead areas • Merchandise layout and displays • Price levels and displays • Cash register placement • Technology, modernization
Store layout	• Allocation of floor space for selling, merchandise, personnel, and customers • Placement of merchandise • Grouping of merchandise • Workstation placement • Placement of equipment • Placement of cash register	• Waiting areas • Traffic flow • Waiting queues • Furniture • Dead areas • Department locations • Arrangements within departments
Interior displays	• Point-of-purchase displays • Posters, signs, and cards • Pictures and artwork • Wall decorations • Theme setting • Ensemble	• Racks and cases • Product display • Price display • Cut cases and dump bins • Mobiles
Social dimensions	• Personnel characteristics • Employee uniforms • Crowding	• Customer characteristics • Privacy • Self-service

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10.5

Discuss the key ambient conditions and their effects on customers.

Discuss the key ambient conditions and their effects

- Ambient environment is composed of hundreds of design elements and details that must work together to create desired service environment
- Ambient conditions are perceived both separately a
  - Music
  - Scents
  - Color

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Discuss the key ambient conditions and their effects

Impact of Music

- In service settings, music can have powerful effect on perceptions and behaviors, even if played at barely audible levels.
- Structural characteristics of music—such as tempo, volume, and harmony—are perceived holistically.
  - Fast tempo music and high volume music increase arousal levels
  - People tend to adjust their pace, either voluntarily or involuntarily, to match tempo of music
- Careful selection of music can deter wrong type of customers.

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Discuss the key ambient conditions and their effects

Impact of Scent

- An ambient smell is one that pervades an environment.
  - May or may not be consciously perceived by customers
  - Not related to any particular product
- Scents have distinct characteristics and can be used to obtain emotional, physiological, and behavioral responses.
- In service settings, research has shown that scents can have significant effect on customer perceptions, attitudes, and behaviors

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Discuss the key ambient conditions and their effects

Aromatherapy: Effects of Selected Fragrances on People

Table 10.2 Aromatherapy—the effects of selected fragrances on people

Fragrance	Aroma Type	Aromatherapy Class	Traditional Use	Potential Psychological Effect on People
Eucalyptus	Camphoraceous	Toning, stimulating	Deodorant, antiseptic, soothing agent	Stimulating and energizing
Lavender	Herbaceous	Calming, balancing, soothing	Muscle relaxant, soothing agent, astringent	Relaxing and calming
Lemon	Citrus	Energizing, uplifting	Antiseptic, soothing agent	Soothing energy levels
Black pepper	Spicy	Balancing, soothing	Muscle relaxant, aphrodisiac	Balancing people's emotions

SOURCES

http://www.aromatherapy.com/, accessed March 12, 2012; Dana Butcher, "Aromatherapy—Its Past & Future." *Drug and Cosmetic Industry* 16, no. 3 (1998): 22–24; Shirley Price and Len Price (2007), *Aromatherapy for Health Professionals*, 3rd ed. Mattila, A. S., & Wirtz, J. (2001). Congruency of scent and music as a driver of in-store evaluations and behavior. *Journal of Retailing* 77, 273–289.

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Discuss the key ambient conditions and their effects

Impact of Color

- Colors have a strong impact on people's feelings
- Colors can be defined into three dimensions:
  - Hue is the pigment of the color
  - Value is the degree of lightness or darkness of the color
  - Chroma refers to hue-intensity, saturation or brilliance
- Research has shown that in service environments, despite differing color preferences, people are generally drawn to warm color environments.
- Warm colors encourage fast decision making and are good for low involvement decisions or

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Discuss the key ambient conditions and their effects

Common Associations and Human Responses to Colors

Table 10.3 Common associations and human responses to colors

Color	Degree of Warmth	Nature Symbol	Common Association and Human Responses to Color
Red	Warm	Earth	High energy and passion; can excite and stimulate emotions, expressions, and warmth
Orange	Warmest	Sunset	Emotions, expressions, and warmth
Yellow	Warm	Sun	Optimism, clarity, intellect, and mood enchancing
Green	Cool	Growth, grass and trees	Nurturing, healing, and unconditional love
Blue	Coolest	Sky and ocean	Relaxation, serenity, and loyalty
Indigo	Cool	Sunset	Meditation and spirituality
Violet	Cool	Violet flower	Spirituality, reduces stress, can create an inner feeling of calm

SOURCES

Sara O. Marberry and Laurie Zagon, *The Power of Color—Creating Healthy Interior Spaces.* New York: John Wiley, 1995, 18; Sarah Lynch, *Bold Colors for Modern Rooms: Bright Ideas for People Who Love Color.* Gloucester, MA: Rockport Publishers, 2001, 24–29.

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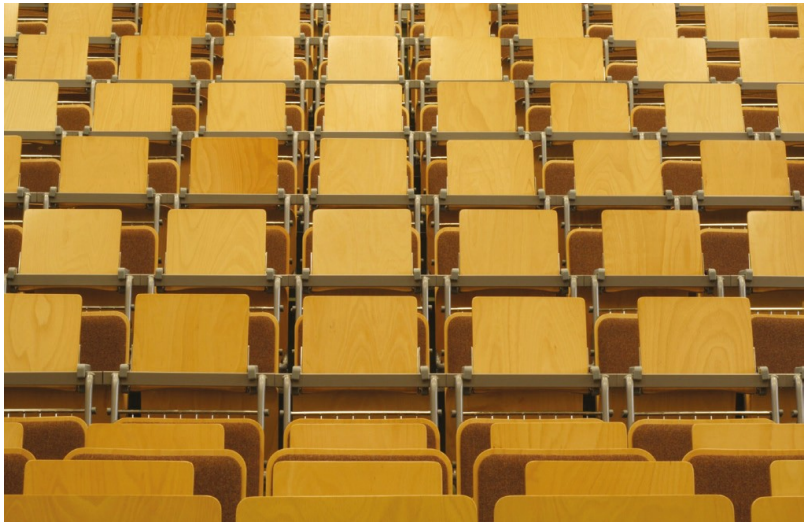
10.6

Determine the roles of spatial layout and functionality.

Spatial Layout and Functionality

- Spatial Layout
  - Floorplan;
  - Size and shape of furnishings, counters, machinery, equipment, and how they are arranged
- Functionality
  - The ability of those items to make the performance of the service easier



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10.7

Understand the roles of signs, symbols, and artifacts.

Signs, Symbols, and Artifacts

- Communicates the firm's image
- Help customers find their way
- Let customers know the service script
- First-time customers will automatically try to draw meaning from the signs, symbols and artifacts
- The challenge is to de
  such that these guide
  customer through the
  service delivery proce
  - Unclear signals from a servicescape can result anxiety and uncertainty about how to proceed and obtain the desired service

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10.8

Know how service employees and other customers are part of the servicescape.

People are part of the service environment

- Appearance and behavior of both service personnel and customers can strengthen impression created by service environment or weaken it
- For employees, once they are dressed up, they must perform their parts
- For customers, marketing communication may seek to attract those who appreciate the service environment and are also able to enhance it by their appearance and behavior
- In hospitality and retail settings, newcomers often look at existing customers before deciding whether to patronize the service firm

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10.9

Explain why designing an effective servicescape has to be done holistically and from the customer's perspective.

Putting It All Together

Selection of Environmental Design Elements

- Design with a holistic view
  - Servicescapes have to be seen holistically: No dimension of design can be optimized in isolation, because everything depends on everything else
  - Holistic characteristic of en… designing service environm…
- Design should be from a … customer's perspective
- Environmental aspects th… irritate shoppers
  - Ambient conditions
  - Environmental design variables

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Thank You.